

**TENNESSEE
STATE BOARD OF
ACCOUNTANCY**

**PEER REVIEW
PROGRAM**

**EFFECTIVE
JANUARY 1, 2002**

**Revised
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TENNESSEE STATE BOARD OF ACCOUNTANCY
PEER REVIEW PROGRAM
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Permission has been granted by the American Institute of Certified Public Accountants (AICPA) to use their checklists, etc., as part of the Tennessee State Board of Accountancy's Peer Review Program.

AICPA last update April 2007, #27.

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**INSTRUCTIONS TO FIRMS HAVING A PEER REVIEW
UNDER THE TNSBA PEER REVIEW PROGRAM**

General

.01 An on-site peer review is required for all firms that perform engagements under the Statements on Auditing Standards (SAS) or examinations of perspective financial statements under the Statements on Standards for Attestation Engagements (SSAE) because of the public interest in the quality of such engagements and the importance to the accounting profession of maintaining the quality of those services. Practice units that issue only compilations or review reports may have an off-site peer review. The TSBA Peer Review Program is not approved by GAO for Yellow Book audits, RUSB for audits of that program, or audits of financial institutions. Peer reviews may not be accepted under this program for ERISA Engagements by the Department of labor or the AICPA Employee Pension Plan Quality Audit Center. The fee is to be agreed to between the reviewer and the reviewed practice unit and paid by the reviewed practice unit.

.02 It is the reviewed firm's responsibility to contract with a qualified reviewer to perform the review. A list of firms with qualified reviewers is attached. Your practice unit is responsible for these costs.

Prior to the Review

.03 Agree with the reviewer on the date the review will be performed which must not be later than the date established by the TSBA Peer Review Committee.

.04 The practice units peer review form must be received by the TSBA Peer Review Committee two weeks prior to the review. Unless the Board responds to the contrary the review may begin as scheduled.

.05 All engagements to be reviewed will be selected by the approved reviewer.

During the Review

.06 Make sure practice unit personnel will be available for discussion with the reviewer(s) as necessary. The reviewers will endeavor to have these discussions and interviews without disrupting the practice units operations.

.07 The practice unit is required to respond to any determinations and recommendations noted by the reviewer.

After the Review

.08 If the practice unit disagrees with any of the reviewer's determinations and recommendations, those differences should be discussed and resolved as they arise.

.09 Within 15 days of completion of the schedule of determinations and recommendations, the reviewer shall submit a copy of the schedule to the TSBA Peer Review Committee. The schedule must be signed by both the reviewer and the practice unit and must include the practice unit's response.

.10 The TSBA Peer Review Committee will notify the reviewed practice unit of acceptance and/ or of any required follow-up actions by the firm resulting from the peer review.

.11 The results of the practice unit's peer review is confidential and shall not be made available to the public.

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INFORMATION REQUIRED FOR SCHEDULING TNSBA REVIEWS

Name _____
Address _____

Please provide the following information concerning your upcoming review. When making inquiries about your review, please refer to the TN Firm Permit number listed above.

[illegible]

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5. Total number of offices in Tennessee

6. Total number of professional staff in the firm, including owners (for this purpose, professionals are CPAs and other individuals expected to seek that status):

- | | | | |
|-----------------------------------|------------------------------------|-------------------------------------|--|
| <input type="checkbox"/> A One | <input type="checkbox"/> C 6 to 10 | <input type="checkbox"/> E 20 to 49 | <input type="checkbox"/> G 100 or more |
| <input type="checkbox"/> B 2 to 5 | <input type="checkbox"/> D 1 to 19 | <input type="checkbox"/> F 50 to 99 | |

7. During the last calendar year did the practice unit perform any of the following engagements:

- | | | |
|--|------------------------------|-----------------------------|
| Compilations with disclosures? | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| Compilations that omit substantially all disclosure? | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| Reviews? | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| Audits? | Yes <input type="checkbox"/> | No <input type="checkbox"/> |

If all are answered no, do you agree to advise the TSBA Peer Review Committee if your practice unit accepts an audit, review, or compilation so that a determination can be made as to whether your practice unit will be subject to a review?

Yes ☐ No ☐

8. Complete the following information concerning your practice unit's review:

a. Estimated commencement date ____ / ____ / ____

b. Information on the reviewer:

1. Name:
2. Address:
3. Telephone and Fax Number:
4. Certificate Number and State:

9. Please check all the appropriate boxes for the areas in which the practice has engagements.

- ☐ 1. Reviews and Compilations
- ☐ 2. Prospective Financial Information
- ☐ 3. Personal Financial Statements
- ☐ 4. Audits of Employee Benefit Plans
- ☐ 5. Other Audits

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- ☐ *6. Audits Under Government Auditing Standards (“yellow book”)
- ☐ *7. Audits of Federal Financial Assistance Programs
- ☐ *8. Audits of Financial Institutions
- ☐ *9. Audits of Rural Utility Services Borrowers
- ☐ 10. Attest Services (Excludes Prospective Financial Information)
- ☐ 11. Agreed-Upon Procedures under SAS No. 93

* A review performed by the TSBA Peer Review standards is not approved for Yellow Book standards or financial institutions. Should your firm contract to perform any of these audits, your review must be performed under the AICPA Peer Review Program.

10. Does your Practice Unit perform any accounting or auditing engagements through a joint venture, partnership, or corporate arrangement with another accounting firm?

Yes ☐ No ☐ If yes, briefly describe those engagements and the relationships with the parties outside your Practice Unit _____

11. Do the owners of the firm and the Practice Unit itself have licenses to practice public accounting in this state?

Yes ☐ No ☐ If no, please explain _____.

12. Are there any limitations or restrictions on your firm’s or its personnel’s current ability to practice public accounting that were imposed by any regulatory, monitoring or enforcement body?

Yes ☐ No ☐ If yes, please explain _____.

13. I agree that I and the other owners and employees of the firm, if any, who have responded to the questions on this form and who will respond to inquiries made by the reviewer have done so and will continue to do so candidly without knowingly misrepresenting the facts or failing to disclose material facts or information.

Signature: _____ Date: _____

* * * * *

This form must be returned within 30 days

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Off-Site Engagement Summary Form

Use pages 6105- 6106 of the AICPA Peer Review Program Manual. C-8 Engagements are not covered by the Tennessee State Board Program.

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Introduction

.01 Quality in the performance of accounting and auditing engagements is the goal of the TSBA's peer review program. The program seeks to achieve its goal through education and remedial, corrective actions. This goal serves the public interest.

.02 Participants in the peer review program need to --

- a. Understand what is necessary for quality practice.
- b. Have an independent review of their accounting and auditing practices at least every three years. The practice unit is responsible for these costs.
- c. Take remedial, corrective actions as needed.

.03 The objectives of the TSBA peer review program are achieved through the performance of reviews involving procedures tailored to the nature of the practice unit. Practice units that perform engagements under the Statements on Auditing Standards (SAS) or examinations of prospective financial statements under the Statements on Standards for Attestation Engagements (SSAE) have on-site peer reviews while practice units that provide only compilation or review services have off-site peer reviews of selected reports on those services, unless they elect to have on-site peer reviews. Practice units that do not provide those services are not reviewed.

.04 Upon completing a peer review, the review team prepares a written schedule of determinations and recommendations in accordance with these standards. The reviewer shall transmit these documents, and when applicable, the practice unit's response to the review team's determinations and recommendations to the TSBA within 15 days of completion of the review. These documents are not public documents.

.05 The program is based on the principle that a systematic monitoring and educational process is the most effective way to attain high-quality performance throughout the profession. Thus, it depends on mutual trust and cooperation. The reviewed firm is expected to take appropriate actions in response to significant deficiencies. These actions will be positive and remedial.

General Considerations

Confidentiality

.06 A peer review must be conducted in compliance with the confidentiality requirements set forth in the TSBA Rules of Professional Conduct and/or AICPA Code of Professional Conduct. Information concerning the reviewed practice unit or any of its clients or personnel, including the findings of the peer review, which is obtained as a consequence of the peer review is confidential. Such information should not be disclosed by review team members to anyone not involved in carrying out the peer review or administering the peer review program, or used in any way not related to meeting the objectives of the peer review program.

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.07 It is the responsibility of the reviewed practice unit to take such measures, if any, as may be necessary to satisfy its obligations concerning client confidentiality any time statutes or ethics rules promulgated by state boards of accountancy do not clearly provide an exemption from confidentiality requirements when peer reviews are undertaken. In all cases, the reviewed practice unit may advise its clients that it will have a TSBA peer review and that accounting or auditing work for that client may be subject to review.

Independence Requirements

Independence

.08 Independence must be maintained with respect to the reviewed firm by a reviewing firm, by review team members, and by any other individuals who participate in or are associated with the peer review.

Reciprocal Reviews

.09 Reciprocal reviews are not permitted. This means that a firm may not perform a review of the firm that performed its most recent peer review. It also means that no professional may serve on a review team carrying out a review of a firm whose professional personnel participated in the most recent review of that professional's firm.

Relationships with Clients of the Reviewed Firm

.10 Review team members, the reviewing firm and its personnel are not precluded from owning securities in or having family or other relationships with clients of the reviewed firm. However, a review team member who owns securities of a reviewed firm's client shall not review the engagement of that client, since that individual's independence would be considered to be impaired. In addition, the effect on independence of family and other relationships and the possible resulting loss of the appearance of independence must be considered when assigning team members to engagements.

Relationships with the Reviewed Firm

.11 Reviewing firms should consider any family or other relationships between the senior managements at organizational and functional levels of the reviewing firm and the firm to be reviewed and should assess the possibility of an impairment of independence.

.12 If the fees for correspondent work, whether paid by the referring firm or by the client, involving the reviewed firm and the reviewing firm of any member of the review team are material to any of those firms, independence for the purposes of this program is impaired.

.13 If continuing arrangements exists between the reviewed firm and the reviewing firm or the firm of any member of the review team whereby fees, office facilities, or professional staff are shared, independence for the purposes of this program is impaired. Similarly, independence would be considered to be impaired by sharing arrangements involving, for example, frequent continuing education programs, extensive consultation, pre-issuance reviews of financial statements and reports, and audit and accounting manuals.

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In such circumstances, the firms involved are sharing materials and services that are an integral part of their quality control systems. However, the impairment would be removed if an independent review was made of the shared materials (such as continuing education programs or an audit and accounting manual) before the peer review commenced and that independent review was accepted by the AICPA Peer Review Board or the relevant state CPA society before that date.

Conflict of Interest

.14 A reviewing firm or an individual participating in carrying out or administering a peer review must not have a conflict of interest with respect to the reviewed practice unit or those of its clients whose engagements are selected for review. Such firms and individuals should avoid contacts with clients or personnel of the reviewed practice unit that could be asserted to be evidence of a conflict of interest.

Competence

.15 Review teams conducting a peer review must have current knowledge of the type of practice to be reviewed. Individuals reviewing engagements, on-site or off-site, must have a familiarity with the specialized engagements to be reviewed.

Due Professional Care

.16 Due professional care must be exercised in performing and reporting on the peer review. This imposes an obligation on all those involved in carrying out the peer review to fulfill assigned responsibilities in a professional manner similar to that of an independent auditor examining financial statements.

Administration of Reviews

.17 Reviews intended to meet requirements of the TSBA peer review program must be carried out in conformity with these standards under the supervision of the TSBA Peer Review Committee authorized by the Tennessee State Board to administer peer reviews. This imposes an obligation on reviewed practice units to arrange and schedule their reviews in compliance with the established administrative procedures and to cooperate with the TSBA Peer Review Committee.

Organization of the Review Team

.18 All reviews will be firm-on-firm reviews.

.19 A review team comprises one or more individuals, depending upon the size of the reviewed practice unit. One member of the review team is designated the team captain. That individual is responsible for organizing and conducting the peer review, communicating the review team's determinations and recommendations to the reviewed practice unit and to the TSBA Peer Review Committee.

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Qualifications for Service as a Reviewer

General

.20 Performing and reporting on peer reviews requires the exercise of professional judgment by peers. Accordingly, an individual serving as a reviewer must be a member of an approved review program and licensed to practice as a certified public accountant, must possess current knowledge of applicable professional standards, and must be currently active in public practice at a supervisory level in the accounting or auditing function of a firm enrolled in an approved practice-monitoring program as one of the following:

- (a) An owner of the firm
- (b) A manager or person with equivalent supervisory responsibilities

On-Site Reviews

.21 All on-site review team members must have at least five (5) years of recent experience in the practice of public accounting in the accounting and auditing function. A team captain must be an owner of an enrolled firm and must have completed a training course or courses that meet requirements established from time to time by an approved review program. A team captain must also be or have been associated with a firm that has received an unqualified report on its system of quality control within the previous three years. A team captain should have a familiarity gained through personal experience with the types of problems encountered by the reviewed practice units.

.22 Effective January 1, 1998, an individual may serve as the team captain for the same practice unit more than two successive reviews.

.23 Where required by the nature of the reviewed practice unit, individuals with expertise in specialized areas who need not be CPAs may assist the review team in a consulting capacity. For example, computer specialists, statistical sampling specialists, actuaries, or educators' expert in continuing professional education may participate in certain segments of the peer review.

Off-Site Reviews

.24 All reviewers participating in off-site peer reviews (available to practice units that perform no audits of historical or prospective financial statements) should have at least five (5) years of recent experience in the practice of public accounting in the accounting or auditing function and must have completed a training course(s) that meets requirements established from time to time by an approved peer review program. Off-site reviewers must also be or have been associated with a firm that has received, within the three (3) previous years, either of the following:

- a. An unqualified report on its system of quality control.
- b. A report on an off-site review that is not adverse or qualified for significant departures from professional standards.

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Performing On-Site Reviews

Objectives

.25 An on-site peer review is intended to provide the reviewer with a reasonable basis for preparing a schedule of determinations and recommendations.

.26 Firms that perform audits of historical or prospective financial statements must have on-site peer reviews because of the public interest.

Basic Requirements

.27 An on-site peer review should include a review of selected engagements, including the relevant working paper files and reports, with fiscal years ending during the review year - unless a more recent report has been issued - constituting a reasonable cross section of the reviewed practice unit's accounting and auditing practice. Firms that have not issued any attest reports during the firm's review year shall submit the previous year's reports for review, if any, to be in compliance with the Peer Review requirement. If no reports are available the firm must agree in writing with the Peer Review Committee to obtain a pre-issuance review, by a reviewer approved by the Board, on their next attest report and have the reviewer send a letter of the findings to the Board before the firm issues the report to the client. The firm must also agree to obtain a peer review at the end of that calendar year.

.28 The TSBA Peer Review Committee has authorized the issuance of programs and checklists, including engagement review checklists, to guide the review team in carrying out their responsibilities under these standards. Failure to complete all relevant programs and checklists in a professional manner creates the presumption that the review has not been performed in conformity with these standards. Such a review cannot be accepted as meeting the requirements of the TSBA Peer Review Program.

Scope of the Review

.29 The review should cover a practice unit's accounting and auditing practice which, for purposes of reviews under these standards, is applicable to all engagements covered by Statements on Auditing Standards (SAS's), Statements on Standards of Accounting and Review Services (SSARS's) and the Statement on Standards for Attestation Engagements (SSAE's) except for audits performed in accordance with government auditing standards and audits of financial institutions.

.30 The review should be directed to the professional aspects of the practice unit's accounting and auditing practice; it should not include the business aspects of that practice. Moreover, review team members should not have contact with or access to any client of the reviewed practice unit in connection with the review.

.31 The practice unit to be reviewed will furnish to the review team basic background **information** about the practice unit. The review team captain should consider whether to request other useful information from the practice unit in planning the review. In all cases, the team captain should obtain the report on the last review of the practice unit and the letter accepting those documents. The review team captain should consider whether the matters discussed in

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those documents require additional emphasis in the current review.

.32 A reviewed practice unit may have legitimate reasons for not permitting the working papers for certain engagements to be reviewed. For example, the financial statements of an engagement selected for review may be the subject of litigation or investigation by a government authority, or the practice unit may have been advised by a client that it will not permit the working papers for its engagement to be reviewed. In such circumstances, the review team should contact the TSBA Peer Review Committee to determine how to proceed

.33 In reviewing a practice unit, the accounting practice to be reviewed includes reports issued for or to another practice unit of the firm, a correspondent firm, or an affiliated firm. For those situations in which engagements selected in the practice unit being reviewed include use of the work of another practice unit, correspondent or affiliate, the review team may limit its review to portions of the engagements performed by the practice unit being reviewed, but should evaluate the appropriateness of the instructions issued by the reviewed practice unit and the adequacy of the procedures followed to comply with professional standards.

Extent of Tests

.34 Based on its consideration of the background information provided by the practice unit, including the results of the last review of the practice unit, the review team should consider whether any modifications to the programs and checklists are appropriate. The team captain should then develop a general plan for the conduct of the review, including the nature and extent of tests. The tests should include a review of selected engagements, including working paper files and reports, to evaluate their conformity with professional standards.

Selection of Engagements

.35 The number and type of accounting and auditing engagements selected by the review team for review should be sufficient to provide the review team with a reasonable basis for its determinations and recommendations.

.36 Engagements selected for review should provide a reasonable cross section of the reviewed practice unit's accounting and auditing practice. However, the number of review and compilation engagements selected for review should follow the guidelines for off-site reviews on page 400-8 paragraphs 44 and 45. Also, greater weight should be given to audit engagements that meet the following criteria:

- a. Engagements in which there is a significant public interest, such as brokers and dealers in securities and employee benefit plans.
- b. Engagements in other specialized industries.
- c. Engagements that are large, complex, or high-risk or that are the reviewed practice unit's initial audits of clients.

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.37 Although the process of engagement selection is not subject to definitive criteria, the review team generally should review work that represents 5 to 10 percent of the auditing hours of the reviewed practice unit. However, at least one audit engagement from the initial selection to be reviewed should be provided to the firm once the review commences and not provided to the firm in advance. The review team will frequently find that meeting all of the criteria discussed above would cause it to select engagements representing accounting and auditing hours substantially in excess of these percentage guidelines. In such circumstances, the review team should carefully consider whether --

- a. Adequate consideration has been given to the *key audit area* approach to engagement review.
- b. Too much weight is being given to the desirability of reviewing work performed by all or most supervisory personnel.

Extent of Engagement Review

.38 The review of engagements should include review of financial statements, accountants' reports, working paper files, and correspondence, as well as discussions with professional personnel of the reviewed practice unit. The review of audit engagements should ordinarily include all key areas of the engagements selected to determine whether well-planned, appropriately executed, and suitably documented procedures were performed in accordance with professional standards.

.39 For each engagement reviewed (audits, reviews, and compilations), the review team must document whether anything came to its attention that caused it to believe that -

- a. The financial statements were not presented in all material respects in accordance with generally accepted accounting principles (or, if applicable, another comprehensive basis of accounting).
- b. The practice unit did not have a reasonable basis under applicable professional standards for the report issued.
- c. The documentation on the engagement did not support the report issued.

.40 If the review team reaches a negative conclusion with respect to items *a.*, *b.* or *c.*, the team captain should promptly inform an appropriate member of the reviewed practice unit. The reviewed practice unit should investigate the matter questioned by the review team and determine what action, if any, should be taken. The reviewed practice unit should advise the team captain of the results of its investigation and document the actions taken or planned or its reasons for concluding that no action is required. If the reviewed practice unit believes that it can continue to support its previously issued report and the review team continues to believe that there may be a significant failure to reach appropriate conclusions in the application of professional standards, the review team should pursue any remaining questions with the reviewed practice unit and, if necessary, with the state TSBA Peer Review Committee. The review team should also consider whether it is necessary to expand the scope of the review by selecting additional engagements to determine the extent of significant departures from professional standards.

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.41 In evaluating the reviewed practice unit's response, the review team should recognize that it has not made an examination of the financial statements in question in accordance with generally accepted auditing standards and that it has not had the benefit of access to client records, discussions with the client, or specific knowledge of the client's business. Nevertheless, a disagreement on the resolution of matters involving professional standards may persist in some circumstances and the reviewed practice unit should be aware that it may be requested by the TSBA Peer Review Committee to refer unresolved matters to the AICPA Technical Standards Division for a final determination.

Exit Conference

.42 Prior to issuing its schedule of determinations and recommendations the review team must communicate its conclusions to senior members of the reviewed practice unit at an exit conference, which may also be attended by individuals with oversight responsibilities. The reviewed practice unit is to be informed at the exit conference about all matters that are included in the schedule of determinations and recommendations. Except as in circumstances described in paragraph 41 the exit conference should not be postponed. The exit conference is also the appropriate vehicle for providing suggestions to the practice unit that do not have an effect on the schedule of determinations and recommendations.

Performing Off-Site Peer Reviews

Objectives

.43 The objective of an off-site peer review is intended to provide the reviewer with a reasonable basis for preparing a schedule of determinations and recommendations.

Basic Requirements

.44 The reviewed practice unit shall provide summarized information (TSBA Form 300) showing the number of its review or compilation clients and the nature of the service provided to those clients, classified into major industry categories to the reviewer. That information shall be provided for each owner of the practice unit who is responsible for the issuance of review or compilation reports. On the basis of that information, the reviewer shall select the types of engagements to be submitted for review, in accordance with the following guidelines:

- a. Include one engagement from each area of service performed by the firm:
 - Review on historical financial statements
 - Compilation on historical financial statements with disclosures
 - Compilation on historical financial statements that omit substantially all of the disclosures required by generally accepted accounting principles or another comprehensive basis of accounting.
 - Attestation

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- b. Include one engagement from each owner of the firm responsible for the issuance of reports listed in *a.* above.
- c. Ordinarily, at least two engagements should be selected for review.
- d. The State Board Program does not cover compilation engagements performed under Statement on Standards for Accounting and Review Services (SSARS) No. 8 where an engagement letter was issued instead of a report.

The above criteria are not mutually exclusive. Therefore, a particular engagement selected for review can satisfy two or three of the criteria simultaneously.

The reviewed practice unit shall submit the appropriate financial statements and accountant's reports, masking client identity if it desires, along with specified background information and representations about each engagement.

.45 An off-site peer review consists only of reading the historical or prospective financial statements submitted by the reviewed practice unit and the accountant's review or compilation report thereon, together with certain background information and representations provided by the reviewed practice unit. The objective of the review of these engagements is to consider whether the financial statements appear to be in conformity with generally accepted accounting principles or, if applicable, with an other comprehensive basis of accounting, and whether the accountant's report appears to conform with professional standards. An off-site peer review does not include a review of the working papers prepared on the engagements submitted for review, tests of the practice unit's administrative or personnel files, interviews of selected practice unit personnel, or other procedures performed in an on-site peer review.

.46 The reviewer's schedule of determinations and recommendations shall indicate, whether anything came to the reviewer's attention that caused him or her to believe that the review and compilation reports submitted for review did not conform with the requirements of professional standards.

.47 A practice unit that has an off-site peer review must respond promptly to questions raised in the review, whether those questions are raised orally or in writing. The reviewer will contact the practice unit, before issuing the schedule of recommendations and determinations to resolve questions raised in the review.

.48 An off-site peer review may provide the reviewer with a basis for expressing a conclusion that the practice unit did not conform with professional standards on the engagement reviewed. In those circumstances, the reviewed practice unit will be expected to take appropriate remedial, corrective actions with respect to engagements with significant deficiencies. In addition, it will ordinarily be required to have another off-site peer review within twelve months.

.49 The reviewer performing an off-site peer review must document the work performed using the programs and checklists approved by the TSBA Review Committee. Failure to complete all relevant programs and checklists in a professional manner creates the presumption that the review has not been performed in conformity with these standards. Such a review cannot be accepted as meeting

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the requirements of the TSBA Peer Review Program.

Reporting on Reviews

General

.50 Upon completion of review the team captain should furnish the reviewed practice unit with a schedule of determinations and recommendations. Within fifteen (15) days of the date of completion an off-site peer review, the team captain should submit to the TSBA Review Committee a copy of the schedule of determinations and recommendations signed by both the reviewer and the reviewed practice unit, along with the practice units response to the schedule of determinations and recommendations, and if the firm performs audits, the team captains checklists.

.51 If the reviewed practice unit does not agree with the schedule of determinations and recommendations, it should submit a copy of its response to all matters discussed in the schedule to the TSBA Review Committee within fifteen (15) days of receipt of the schedule.

.52 The reviewed practice unit should not disclose the results of the review unit it has been advised that the review has been accepted by the TSBA Review Committee. The TSBA Review Committee shall not make the results of the review available to the public.

.53 The Peer Review Oversight Committee appointed by the TSBA considers the results of reviews it administers that are undertaken to meet the requirements of the peer review program. The activities of the committee shall be carried out in accordance with the rules of the TSBA.

.54 According to those rules of the committee's responsibility is to consider the following:

- a.* In any case where the reviewer has determined, and the Committee concurs, that the practice unit is in general conformity with applicable professional standards, the Committee shall forward the review acceptance to the person in charge of the practice unit that submitted the work.
- b.* If the results of the practice unit's review reveal significant departures with respect to applicable standards, the Committee may take appropriate action such as:
 1. The Committee may require any individual licensee who had responsibility for issuance of the report and/or the related work papers to successfully complete specific courses or types of continuing education as specified by the Committee. The cost of any course(s) shall be borne by such licensee.
 2. The Committee may require that the practice unit responsible for the report submit all or specified categories of its engagements for a pre-issuance review in a manner and or a duration prescribed by the Committee. The cost of any pre-issuance review shall be borne by the practice unit.

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3. If it appears that the professional conduct reflected in the review is so serious as to warrant consideration of possible disciplinary action, the Committee may inform the Board that the practice unit is not in compliance with the Peer Review Program.
- c. If any follow-up action is recommended, the response from the practice unit will be subject to review and approval by the Board's staff and the Committee.

Appeals of the Tennessee State Board of Accountancy Review Committee Decisions

.55 Decisions of the TSBA Review Committee may be appealed to the Tennessee State Board of Accountancy at which time the matter becomes public record.

Qualifications of Committee Members

.56 Each member of the Committee charged with the responsibility for acceptance of reviews must be currently active in public practice at a supervisory level in the accounting or auditing function of a firm enrolled in an approved practice-monitoring program as owner of the firm or as a manager or person with equivalent supervisory responsibilities. A majority of the members must also possess the qualifications required of an approved review program on-site peer review team captain. A member may not participate in any discussion or have any vote with respect to a reviewed practice unit when the member lacks independence or has a conflict of interest with the practice unit.

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PEER REVIEW PROGRAM
TEAM CAPTAIN CHECKLIST

COMPLETE ONLY IF THE FIRM PERFORMS AUDITS.

.01 This section of the Peer review Manual contains a team captain checklist for peer reviews of firms that perform audits. It provides basic overview of the way in which all peer reviews--regardless of firm size--are to be conducted.

.02 The checklist must be completed on all peer reviews of practice units with audits that are participating in the TNSBA Peer review Program.

I. Prior to the Review

	<u>Initial</u>	<u>Date</u>
1. Review the background information furnished by the practice unit.	_____	_____
2. Contact the practice unit to be reviewed sufficiently in advance of the review (ordinarily, at least three weeks before the review) and-		
a. Confirm the timing of the review and the expected date of the exit conference or review completion date.	_____	_____
b. Request the practice unit to provide -		
(i) A client list	_____	_____
(ii) A list of the practice unit's professional personnel, showing name, position and years of experience (1) with the practice unit and (2) in total.	_____	_____
c. Inquire whether the firm has had a previous review and, if so request a copy of the results of that review and the letter accepting the review.	_____	_____
d. Confirm that the practice unit has designated an owner or senior staff member to act as a liaison with the review team.	_____	_____
e. Confirm that persons in the practice unit responsible for the various engagements to be reviewed will be available for interviews during the review.	_____	_____
f. Inquire whether-		
(i) The practice unit is being or has been investigated during the last three years by any state board of accountancy or AICPA or state society professional ethics committee in connection with the quality of the firm's accounting and auditing practice and, if available, the results thereof.	_____	_____

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PEER REVIEW PROGRAM
TEAM CAPTAIN CHECKLIST

- (ii) There are many restrictions or limitations on the practice unit or its personnel's ability to practice accounting and auditing that were effective during the period since the practice unit's last review and that were imposed by or agreed to with other regulatory, monitoring or enforcement bodies. _____
3. Contact any other review team members and confirm arrangements, including travel and hotel arrangements, with them. _____
4. Based on the information provided by the reviewed practice unit make a preliminary selection of the engagements to be reviewed (See the Standards for guidance on the selection of office engagements and note that engagements selected for review should be those with years ending during the calendar year under review unless a more recent report has been issued at the time of selection. Firms that have not issued any attest reports during the firm's review year shall submit the previous year's reports for review, if any, to be in compliance with the Peer Review requirement. If no reports are available the firm must agree in writing with the Peer Review Committee to obtain a pre-issuance review, by a reviewer approved by the Board, on their next attest report and have the reviewer send a letter of the findings to the Board before the firm issues the report to the client. The firm must also agree to obtain a peer review at the end of that calendar year.) For on-site reviews to minimize any assertion that advance selections may afford undue opportunities for "clean-up" of the working papers, it is preferable that the selection of some engagements not be made known to the practice unit until the review team arrives.
- a. Assign code numbers to the engagements selected to maintain client confidentiality and request the practice unit to complete the profile sheets in the engagement review checklists. _____
- b. If the reviewed practice unit does not permit the working papers for certain engagements to be reviewed, evaluate the reasonableness of the explanation and consider what other actions may be appropriate in the circumstances (see the Standards, on "Scope of the Review"). When the explanation is that the client has refused to allow its engagement to be reviewed, inspect any written communications between the practice unit and the client and evaluate whether the practice unit made a good-faith effort to obtain the client's concurrence to the review. _____

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PEER REVIEW PROGRAM
TEAM CAPTAIN CHECKLIST

II. At the Beginning of the Review

1. If on-site meet with other reviewers to:
 - a. Instruct them in the manner in which working papers, questionnaires and checklists are to be prepared to facilitate supervision and review. _____
 - b. Explain the "key audit area" approach to engagement review, noting that the team captain should concur in advance with respect to such decisions. _____
 - c. Assign responsibilities. _____
2. Whether on-site or off-site, if the practice unit was previously reviewed, consider whether matters, if any, discussed in the practice unit's prior review, and response thereto require additional emphasis in the current review, and discuss these matters with the other members of the review team. _____

III. During the Review

1. Make or approve any modifications to programs and checklists approved by the TSBA Review Committee for the conduct of the review, noting that the *Standards* provide: "Failure to complete all relevant programs and checklists in a professional manner creates the presumption that the review has not been performed in conformity with the standards. Such a review cannot be accepted as meeting the requirements of the TNSBA Peer Review Program." _____
2. Make any additional selections of engagements for review and ascertain that the scope of the review conforms with the guidance in the *Standards*. _____
3. Consult with the TSBA Review Committee or its designee in situations previously identified by the Review Committee and whenever any of the following situations are encountered:
 - a. The review team feels it may not have the expertise required under the *Standards* to accomplish the required engagement reviews satisfactorily. _____
 - b. The review team is considering whether to terminate the review because, for example, of a lack of cooperation. _____

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PEER REVIEW PROGRAM
TEAM CAPTAIN CHECKLIST

- c. The review team and the reviewed practice unit have a disagreement on a significant matter, including matters that may require the application of the guidance in AICPA Professional Standards, AU 561 and AU 390, and similar matters with respect to engagements to compile or review historical financial statements or to examine prospective financial statements. _____
- 4. The reviewed practice unit has meet the requirements of Interpretation 101-3 "Performance of non-attest service" for a client. _____
- 5. Develop a list of points to be discussed at the exit conference for on-site reviews or by telephone for off-site reviews distinguishing between-
 - a. Matters that require inclusion in the schedule of determinations and recommendations. _____
 - b. Other comments and suggestions. _____

V. At Completion of the Review

- 1. Communicate the review team's determinations and recommendations to senior members of the reviewed practice unit. The reviewed practice unit is entitled to be informed about any matters that are included in the schedule of determinations and recommendations. Also, at that time discuss the following with the reviewed practice unit.
 - a. A copy of the schedule of determinations and recommendations will be provided to the reviewed practice unit upon completion of review. The reviewer will send to TSBA Review Committee a copy of the schedule signed by both the reviewer and the reviewee along with the reviewee's response (remedial or corrective actions taken or planned to prevent a recurrence of each matter described) and the team captain checklists. _____
 - b. If the reviewed practice unit disagrees with one or more of the determinations or recommendations in the schedule, its response should describe the reasons for such disagreement. The schedule along with the response should be sent to the TSBA Review Committee within fifteen (15) days of the date the practice unit receives the schedule. _____
 - c. The reviewed practice unit should not disclose the results of the review until it has been advised that the review has been accepted by the TSBA Peer Review Progra _____

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PEER REVIEW PROGRAM
TEAM CAPTAIN CHECKLIST

- | | | |
|---|-------|-------|
| 2. Complete the summary review memorandum. | _____ | _____ |
| 3. Prepare the schedule of determinations and recommendations following the guidance in the TSBA Peer Review Program. | _____ | _____ |
| a. Furnish a copy of the schedule of determinations and recommendations to the reviewed practice unit upon completion of the review. | _____ | _____ |
| b. Submit to the TSBA Review Committee, a copy of the schedule signed by both the reviewer and the reviewee, along with reviewee's response and a copy of the team captain's checklists and the summary review memorandum within fifteen (15) days of completion of the review. | _____ | _____ |

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PEER REVIEW PROGRAM
SUMMARY REVIEW MEMORANDUM

COMPLETE ONLY IF FIRM PERFORMS AUDITS.

Reviewed Practice Unit's Name

Reviewed Practice Unit's Address _____

Peer Review Year End December 31,_____

I. Description of Firm

	TOTAL
A. Professional Staff Profile	_____
Owners (or equivalent)	_____
Managers (or equivalent)	_____
Other Professionals	_____
Total	_____

B. Indicate extent of industry specializations, if any:

II. Planning the Review

A. Composition of Review Team:

1. Team Captain _____
Firm _____ Position _____
Areas of Experience ¹ _____
2. Team Member _____
Firm _____ Position _____
Areas of Experience ¹ _____
3. Team Member _____
Firm _____ Position _____
Areas of Experience ¹ _____

¹ As it relates to the reviewed practice unit.

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SUMMARY REVIEW MEMORANDUM

- B. Was the practice unit previously reviewed? Yes ____ No ____ . If yes, indicate, based on your evaluation of the actions taken by the practice unit in response to the matters in the prior review whether such matters required additional emphasis in the current review and how that was done.

- C. Development of Review Program:

1. Describe any significant deviations from TSBA Peer Review Program questionnaires and checklists and explain reason:

2. Describe major considerations in selection of engagements for review:

3. Identify the Audit Engagements the reviewer selected by industry at the commencement of the review that was not provided to the firm in advance:

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PEER REVIEW PROGRAM
SUMMARY REVIEW MEMORANDUM

D. Important Dates:

Commencement of Review _____

Exit Conference/Telephone Conference _____

Issuance of Schedule of Determinations and Recommendations _____

Mailing of schedule of determinations and recommendations, team captain checklists and SRM to the TSBA Review Committee. _____

The balance of page intentionally blank

TENNESSEE STATE BOARD OF ACCOUNTANCY
PEER REVIEW PROGRAM
SUMMARY REVIEW MEMORANDUM

II. Scope of Work Performed

A. Accounting and Auditing Statistics:

<u>On-site</u>	<u>Hrs.</u>	<u>No. of</u>
<u>SAS---</u>		<u>Engs.</u>
Audits:		
ERISA	_____	_____
Other SAS Engagements	_____	_____
Agreed-Upon Procedures	_____	_____
TOTAL	=====	=====
SSARS--		
Reviews ²	_____	_____
Compilations ²		
With disclosure	_____	_____
Compilations ²		
omit disclosure	_____	_____
SSAE--		
Financial Forecast and		
Projection	_____	_____
Agreed-Upon Procedures	_____	_____
Other	_____	_____

B. Engagements Reviewed:

<u>On-site</u>	<u>Hrs.</u>	<u>No. of</u>
<u>SAS--</u>		<u>Engs.</u>
Audits:		
ERISA	_____	_____
Agreed-Upon Procedures	_____	_____
Other	_____	_____
TOTAL	=====	=====
Percentage of Audit		
Practice Reviewed	=====	=====
SSARS--		
Reviews ²	_____	_____
Compilations ²		
With Disclosure	_____	_____
Compilations ²		
Omit Disclosure	_____	_____
SSAE--		
Financial Forecast and		
Projection	_____	_____
Other	_____	_____
Agreed-Upon Procedures	_____	_____

² The number of engagements should include each monthly, quarterly and annual report issued.

TENNESSEE STATE BOARD OF ACCOUNTANCY
PEER REVIEW PROGRAM
SUMMARY REVIEW MEMORANDUM

- C. Were you requested not to review any engagements? Yes ____ No ____ . If yes, describe the reason for the request, whether you were satisfied as to the reason, and how this affected the scope of the review.

IV. Overall Findings and Conclusions:

- A. Was the practice unit previously reviewed? Yes ____ No ____ . If yes, were there any matters noted on the previous review repeated in the letter of comments on the current review?
Yes ____ No ____ If yes, please describe what the practice unit has done or plans to do to prevent a recurrence of the matter(s) and whether you concur with the actions taken or planned.

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SUMMARY REVIEW MEMORANDUM

B. Describe the nature and extent of each matter discussed at the exit conference or telephone conference that was not deemed of sufficient significance to include in the schedule of determinations and recommendations.

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PEER REVIEW PROGRAM
SUMMARY REVIEW MEMORANDUM

C. ENGAGEMENT STATISTICS DATA SHEET
(To Be Completed On ALL Reviews)

1. Engagement Statistics

<i>Type of Engagement</i>	<i>Total No. Reviewed</i>	<i>Total No. Substandard</i>
SAS--		
Audits - ERISA	_____	_____
Audits – Other SAS Engagements	_____	_____
Agreed-upon procedures	_____	_____
SSARS--		
Reviews	_____	_____
Compilations with disclosures.	_____	_____
Compilations omit disclosures.	_____	_____
SSAE--		
Financial forecast & projections	_____	_____
Agreed-Upon Procedures	_____	_____
Other	_____	_____
Total	=====	=====

Reason Codes

Substandard Engagement Reason Codes
GAA Non-GAAS and Non-GAAP
GAP Non-GAAP
GAS Non-GAAS
SAR Non-SSARS

Action Codes

Substandard Engagement Action Codes
1. Report and/or financial statements recalled, revised and reissued.
2. Financial statements corrected or to be corrected in subsequent year (issuance of financial statement on subsequent period is imminent)
3. Omitted auditing procedures(s) performed or to be performed in subsequent engagement (performance of subsequent engagement is imminent)
4. Cause of independence impairment eliminated
5. Unable to apply omitted procedures
6. Notified parties that no reliance should be placed on the report issued.

2. **Reasons for Substandard Engagements**

<i>Type of Engagement Reviewed</i>	<i>Reason Code</i>	<i>Comments</i>
_____	_____	_____
_____	_____	_____
_____	_____	_____

3. **Actions To Be Taken on Substandard Engagements**

<i>Type of Engagement Reviewed</i>	<i>Action Code</i>	<i>Comments</i>
_____	_____	_____
_____	_____	_____
_____	_____	_____

4. **Engagements Excluded from Review**

<i>Type of Engagement Reviewed</i>	<i>Reason Code</i>	<i>Comments</i>
_____	_____	_____
_____	_____	_____
_____	_____	_____

EXCLUDED ENGAGEMENT REASON CODES

1. Subject of litigation
2. Subject of investigation by government agency
3. Client imposed restrictions
4. Other

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PEER REVIEW PROGRAM
SUMMARY REVIEW MEMORANDUM

D. The following is the actual or best estimate of the number of hours expended to complete peer review.

*Actual Review
Hours*

Team Captain	
Team Member(s)	A. _____
	B. _____
	C. _____
	D. _____

Total Review Hours

Team Captain _____

Date _____

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PEER REVIEW PROGRAM
SCHEDULE OF DETERMINATIONS AND RECOMMENDATIONS

FORM 700

Practice Unit _____
Mailing Address: _____
City, State, Zip: _____
TN Firm ID No.: _____ Year Under Review _____

Reviewer's Name (Print) _____
Date Review Completed _____
Reviewer's Signature _____

REVIEWER'S OVERALL CONCLUSIONS AND RECOMMENDATIONS (SEE PAGE 701)

OVERALL DETERMINATION (C, D, OR S) _____

Practice Unit is adhering to the Required Professional

Standards? Yes _____ No _____

Recommendations for Corrective Action:

(1) Firm should be required to have additional monitoring?

Yes _____ No _____

If Yes, Please specify _____

(2) Firm should have additional CPE?

Yes _____ No _____

If Yes, Please specify _____

(3) Other recommendations. Please specify: _____

Note: The Determinations and Recommendations have been discussed during exit/telephone conference on (date) _____ and we agree with the Determinations and Recommendations listed above.

Date _____ Practice Unit Signature _____

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PEER REVIEW PROGRAM
SCHEDULE OF DETERMINATIONS AND RECOMMENDATIONS

FORM 701

Engagement #	Report Type A-R-C	Determinations (List by Engagement)	Determination Code (1-6)	Reviewer's Engagement Assessment C-D-S	Reviewer's Recommendations
<u>REPORT TYPE</u> A- Audit R- Review C- Compilation		<u>DETERMINATION CODE</u> 1- Reporting 2- Disclosure 3- Documentation 4- Failure to adhere to standards 5- Other (Brief Explanation) 6- If none, So state		C- Complies with Professional Standards D- Complies with Professional Standards except for minor departures S- Did not meet Professional Standards in all material respects	

TENNESSEE STATE BOARD OF ACCOUNTANCY
PEER REVIEW PROGRAM

Off-Site Engagement Program

1. Have the firm complete the Off-Site Engagement Summary form. (See TNSBA section 300).
2. Select engagements per standards. (See TNSBA section 400, paragraphs .43 through .49).
3. Have firm complete Engagement Questionnaire, pages 6107-6115 of the AICPA Peer Review Program Manual for each compilation with full disclosure or pages 7106-7109 of the AICPA Peer Review Program Manual for each compilation engagement selected without disclosures.
4. Complete checklists for types of engagements selected. (See TNSBA sections 1000, 1100, and 1500).
5. Complete the Engagement Statistics Data Sheet (TNSBA section 606) and the Schedule of Determinations and Recommendations (TNSBA section 700 and 701). Submit these to the TNSBA Review Committee with a copy of TNSBA section 300 completed by the firm, within 15 days of completion of review as required by TNSBA section 400 paragraphs .50 &.51
6. Complete the Off-Site Engagement Completion Form (TNSBA section 801) and forward to the TNSBA Review Committee with forms required in step 5.

TENNESSEE STATE BOARD OF ACCOUNTANCY
PEER REVIEW PROGRAM

Off-Site Engagement Completion Form

DATE: _____

TO: Tennessee State Board of Accountancy Peer Review Committee

FROM: _____
Name of review Team Captain

RE: Review of _____

1) Was the practice unit previously reviewed? Yes ____ No _____. If yes, indicate, based on your evaluation of the actions taken by the practice unit in response to the matters in the prior review whether such matters required additional emphasis in the current review and how that was done. Also, note if any findings of the previous review were found on the current review and how the Firm plans to correct.

2) Reviewed Firms Statistics	Total
a) Number of Owners (or equivalent)	_____
b) Other Professional Staff	_____
c) Total SSARS Engagements of Firm	
1. Reviews	_____
2. Compilations with Disclosures	_____
3. Compilations omit Disclosures	_____
d) Total SSARS Engagements Reviewed	
1. Reviews	_____
2. Compilations with Disclosures	_____
3. Compilations omit Disclosures	_____

3) Enclose the following TSBA Forms

A) Off-Site Engagement Summary Form, section page #300.

B) Schedule of Determinations and Recommendations Form, section page #700-1 and 700-2.

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PEER REVIEW PROGRAM

INSTRUCTIONS FOR USE OF ENGAGEMENT CHECKLISTS

GENERAL

.01 The review of audit engagements should include the review of financial statements, accountants' reports, working paper files, and correspondence, as well as discussions with professional personnel of the practice unit.

.02 The review of audit engagements should ordinarily include all key areas of the engagements selected to determine whether well-planned, appropriately executed, and suitable documented procedures were performed in accordance with professional standards.

.03 The review of compilation or review engagements whether on-site or off-site consists only of reading the accountant's compilation or review reports and the related historical or prospective financial statements selected for review, together with certain background information and representations about the engagements selected for review.

ENGAGEMENT CHECKLISTS

.04 The following checklists have been developed for use by reviewers performing quality reviews under the TSBA Peer Review Program:

- a. Checklist for Compilation Reports that omit substantially all Disclosures - Form 1000
- b. Checklist for Review and Full Disclosure Compilation Reports - Form 1100
- c. General Audit Engagement Checklist - Form 1200
- d. Not-for-Profit Audit Engagement Checklist - Form 1300
- e. Supplemental checklist for Review of Construction Contractor Engagements - Form 1400
- f. Various - Checklists of other types of services - Form 1500

.05 The general engagement checklists were developed for use in reviewing engagements of "for-profit" companies. Reviewers may wish to refer to the specialized industry checklists and supplements published in the AICPA Peer Review Manual, i.e., Construction Contractors..

.06 The engagement review checklists (which can be used for most engagements) contain the following sections:

- a. The first section of each checklist contains questions on the accountant's report and the related financial statements and footnotes. This section of the checklist ordinarily would be completed for each engagement reviewed. Any disclosure or reporting deficiencies identified by the reviewer should be noted in the Schedule of Determinations and Recommendations.

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PEER REVIEW PROGRAM

- b. The second section of the checklist contains questions concerning planning and other general procedures that normally should be performed for the applicable level of service. This only applies to audit or attestation engagements.
- c. The third section included in the general audit engagement checklist contains questions relating to specific audit areas. It is not ordinarily necessary to answer all parts of this section because of the emphasis on key audit areas.
- d. The fourth section of the checklist for review of audit engagements contains questions concerning independence, engagement performance and personnel management. These questions should be completed for each audit engagement reviewed.

.07 Ordinarily, in applying the “key area” concept, all key areas should be reviewed. However, to keep time requirements within reasonable limits, reviewers may decide not to review all key areas of a specific engagement. In such cases, the reviewer should document in the working papers the reasons why all key areas were not reviewed. The reviewer should also exercise judgment in determining how many accounting and auditing hours to claim with respect to the engagement.

Permission has been granted by the American Institute of Certified Public Accountants (AICPA) to use checklists, etc., as part of the Tennessee State Board of Accountancy’s Peer Review Program.

TENNESSEE STATE BOARD OF ACCOUNTANCY
PEER REVIEW PROGRAM

**Checklist for Compilation Reports that Omit
Substantially All Disclosures**

Use pages 23301 - 23306 of the AICPA Peer Review Program Manual.

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PEER REVIEW PROGRAM

REVIEWERS CONCLUSIONS

EXPLAIN BELOW THE REASONS FOR ANY "YES" ANSWERS TO QUESTION 1.
BE SPECIFIC.

1. Based on your reading of the financial statements and accountant's report for this engagement, together with the information and representations provided by the practice unit, did anything come to your attention that caused you to believe that:
 - a. The financial statements did not appear to be appropriate in form and free from obvious material errors in application of accounting principles? YES _____ NO _____
 - b. The report issued by the practice unit did not conform with professional standards? YES _____ NO _____
 - c. Did the report review disclose any other matters that should be communicated to the practice unit? YES _____ NO _____

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PEER REVIEW PROGRAM

**Checklist for Review and Full Disclosure
Compilation Reports**

Use Pages 23201 - 23202 of the AICPA Peer Review Program Manual, Section A only.
Use Pages 23601 - 23616 of the AICPA Peer Review Program Manual.

TENNESSEE STATE BOARD OF ACCOUNTANCY
PEER REVIEW PROGRAM

REVIEWERS CONCLUSIONS

EXPLAIN BELOW THE REASONS FOR ANY "YES" ANSWERS TO QUESTION 1.
BE SPECIFIC.

1. Based on your reading of the financial statements and accountant's report for this engagement, together with the information and representations provided by the practice unit, did anything come to your attention that caused you to believe that:
 - a. The financial statements did not conform with generally accepted Accounting principles (or, where applicable, a comprehensive basis of accounting other than GAAP) in all material respects? YES _____ NO _____
 - b. The report issued by the practice unit did not conform with professional standards? YES _____ NO _____
 - c. Did the report review disclose any other matters that should be communicated to the practice unit? YES _____ NO _____

TENNESSEE STATE BOARD OF ACCOUNTANCY
PEER REVIEW PROGRAM

GENERAL AUDIT ENGAGEMENT CHECKLIST

ENGAGEMENT PROFILE

Engagement Code No. _____

Owner _____

Manager _____

Is the Client a part of other related groups? YES _____ NO _____

This engagement involves reporting on:

☐ financial statements (single entity)

☐ consolidated financial statements

☐ combined financial statements

☐ subsidiary, division or branch

Practice Unit _____

Date of Financial Statements* _____

Date of Report _____

Date Report Released _____

☐ special report

☐ interim reviews

☐ reportable conditions-material weaknesses

☐ other (explain)

Was the work performed at the request of another office? YES _____ NO _____

At the time the report/financial statement(s) on the client's current year was issued/released, were there billed or unbilled fees that remained unpaid for any professional services provided more than one year prior to the date of the report? Yes _____ No _____

Key data reported on by this Practice Unit for this engagement:

Total assets \$ _____

Equity \$ _____

Net Sales \$ _____

Net Income \$ _____

Major lines of business: _____

Complex or troublesome audit areas: _____

List any non-attest services (ET 101.05) performed for the client during the period of the professional engagement or the period covered by the financial statements:

Personnel Continuity:

*Owner Manager or
Equivalent*

Number of years assigned to this job..... _____

Number of years in current position on the job..... _____

*To determine the applicability of all cross-referenced pronouncements, consider their effective dates.

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PEER REVIEW PROGRAM

General Audit Engagement Checklist

Audit hours on this engagement

	<u>Total</u>	<u>Commencement of Field Work</u>	<u>During Field Work</u>	<u>After Completion of Field Work</u>
Owner	_____	_____	_____	_____
Manager (equivalent).....	_____	_____	_____	_____
Other				
Total this office.....				

LIST OF KEY AUDIT AREAS SELECTED BY REVIEWER

A reviewer is not required to look at all the working papers for a particular engagement. The depth of the review is a judgment call; however, the review is directed primarily to the key areas of an engagement, including complex or troublesome areas. Ordinarily, all key audit areas should be reviewed. List below the key areas on this engagement, and if any key areas are not reviewed, indicate the reasons for this omission. In completing this checklist, all questions in Sections I, II and IV should be answered in addition to the key areas identified.

- 1.
- 2.
- 3.
- 4.
- 5.

Date Engagement Review Performed _____ Date Checklist Reviewed by Team Captain _____

Reviewer _____ Signature _____

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PEER REVIEW PROGRAM

General Audit Engagement Checklist

CHECKLIST FOR REVIEW OF AUDIT ENGAGEMENTS

CONTENTS

Section

I.	Report and Financial Statements
	Auditor's Report
	Financial Statements and Notes
II.	General Audit Procedures
III.	Working Paper Areas
	Cash
	Receivables
	Inventories
	Investments
	Prepaid Expenses, Intangible Assets, Deferred Charges, etc.
	Property, Plant and Equipment
	Liabilities
	Income Taxes
	Commitments and Contingencies
	Capital Accounts
	Income and Expenses
	Other
IV.	Functional Areas
	Independence, Integrity, and Objectivity
	Engagement Performance
	Personnel Management
V.	Explanation of "No" Answers and Other Comments
VI.	Conclusions

Explanation of References:

See reference Peer Review Manual page 20,405.

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PEER REVIEW PROGRAM

Checklist for General Audit Engagement

Use pages 20406 -20426 of the AICPA Peer Review Program Manual.
Use pages 22301 -22316 of the AICPA Peer Review Program Manual.

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PEER REVIEW PROGRAM

General Audit Engagement Checklist

IV. FUNCTIONAL AREAS

Independence, Integrity, and Objectivity (QC Sec.20.09&.10)

If anything has been noted that may indicate a lack of independence (including a lack of objectivity), was the matter identified and appropriately resolved by the firm and its effects appropriately considered?(Interpretation 101-3 Performance of non-attest services – ET Sec. 101.5 and ET Sec. 191)

QUES NA* YES NO REF **

A601_____

Was appropriate assurance of independence obtained from other firms engaged to audit segments or component units of the entity?

A603_____

Were the fees (billed/unbilled) for prior years' services paid prior to issuance of the report for the current engagement? (ET Sec. 191.103-.104)

A604_____

Engagement Performance (QC Sec.20.17-.19)

Were appropriate and knowledgeable engagement personnel involved in the audit?

A611_____

Does it appear that audit planning was adequately documented in the working papers, including any changes in the original plan? (AU Secs. 311 and 339.05)

A612_____

Does it appear that planning and supervision was adequate?

A614_____

Were all forms, checklists, or questionnaires, if any, required by firm policy for the following areas adequately completed and modified, where appropriate, for the engagement?

A615-
A629_____

Personnel Management (QC Sec.20.11-.13)

Did the personnel assigned to this engagement appear to be familiar with the applicable professional pronouncements (FASB, AICPA, ETC.)?

A608_____

* The N/A column should be used when the item either does not exist or is not material.

** All "no" answers must be explained on the pages provided at the end of this checklist.

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PEER REVIEW PROGRAM

On-Site Peer Review Engagement Checklists

V. EXPLANATION OF “NO” ANSWERS AND OTHER COMMENTS

The following pages are provided for your comments on all “no” answers. All “no” answers must be thoroughly explained and reviewed with the engagement owner.

<u>Page Number</u>	<u>Question Number</u>	<u>Explanatory Comments</u>	<u>Disposition of Comments*</u>
------------------------	----------------------------	-----------------------------	-------------------------------------

* The nature of the disposition of comments may vary, such as:

- Note “resolved” and the manner of resolution.
- Note “not significant” to indicate a “no” answer is appropriate, but that the matter is not significant enough to warrant inclusion in the schedule of findings and recommendations.

TENNESSEE STATE BOARD OF ACCOUNTANCY
PEER REVIEW PROGRAM

On-Site Peer Review Engagement Checklist

VI. CONCLUSIONS

EXPLAIN BELOW THE REASONS FOR ANY ‘YES’ ANSWERS, *BE SPECIFIC*

Based on the work performed, did anything come to your attention that caused you to believe that:

- a. The practice unit did not perform the engagement in all material respects in accordance with generally accepted auditing standards? (AU 390 and ET 202) YES _____ NO _____

- b. The financial statements did not conform with generally accepted accounting principles (or where applicable, a comprehensive basis of accounting other than GAAP) in all material respects and the auditor's report was not appropriately modified (See AU 561 and ET 203)? YES _____ NO _____

- c. The auditor's report was not appropriate in the circumstances? YES _____ NO _____

- d. The documentation on this engagement does not support the practice unit's opinion on the financial statements? YES _____ NO _____

- e. Did the review disclose any other matters that should be communicated to the practice unit? YES _____ NO _____

TENNESSEE STATE BOARD OF ACCOUNTANCY
PEER REVIEW PROGRAM

NOT-FOR-PROFIT AUDIT ENGAGEMENT CHECKLIST

ENGAGEMENT PROFILE

Engagement Code No. _____ Practice Unit _____
 Owner _____ Date of Financial Statements* _____
 Manager _____ Date of Report _____
 Date Report Released _____

This engagement involves reporting on:

- | | |
|---|--|
| <input type="checkbox"/> financial statements (single entity) | <input type="checkbox"/> financial statements of a component of the organization |
| <input type="checkbox"/> combined financial statement of financially interrelated not-for-profit organizations or | <input type="checkbox"/> special reports (SAS No. 62) |
| <input type="checkbox"/> voluntary health and welfare organizations | <input type="checkbox"/> other (explain) |

Was the work performed at the request of another office? YES _____ NO _____

At the time the report/financial statement(s) on the client's current year was issued/released, were there billed or unbilled fees that remained unpaid for any professional services provided more than one year prior to the date of the report? YES _____ NO _____

Key data reported on by this Practice Unit for this engagement:

Total revenues (memorandum total).....	\$ _____
Total assets.....	\$ _____
Total net assets.....	\$ _____

General description of audited entity (type of entity, services provided, etc.) _____

Complex or troublesome audit areas: _____

List any non-attest services (ET 101-.05) performed for the client during the period of the professional engagement or the period covered by the financial statements: _____

Audit hours on this engagement:

<u>Total</u>	<u>Prior to Commencement of Field Work</u>	<u>During Field Work</u>	<u>After Completion of Field Work</u>
Owner.....	_____	_____	_____
Manager (or equivalent).....	_____	_____	_____
Senior.....	_____	_____	_____
Other.....	_____	_____	_____
Total this office.....	_____	_____	_____

Personnel Continuity:

	<i>Owner</i>	<i>Manager or Equivalent</i>
Number of years assigned to this job.....	_____	_____
Number of years in current position on the job.....	_____	_____

*To determine the applicability of all cross-referenced pronouncements, consider their effective dates.

TENNESSEE STATE BOARD OF ACCOUNTANCY
PEER REVIEW PROGRAM

On-Site Peer Review Engagement Checklist

LIST OF KEY AUDIT AREAS SELECTED BY REVIEWER

A reviewer is not required to look at all the working papers for a particular engagement. The depth of the review is a judgment call; however, the review is directed primarily to the key areas of an engagement, including complex or troublesome areas. Ordinarily, all key audit areas should be reviewed. List below the key areas on this engagement, and if any key areas are not reviewed, indicate the reasons for this omission. In completing this checklist, all questions in Sections I, II and IV should be answered in addition to the questions in Section IV for the key areas identified, and for Commitments and Contingencies; Revenue, Expenses, Support, and Capital Additions; and Other.

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.
- 7.
- 8.
- 9.
- 10.

Date Engagement Review Performed _____

Reviewer _____

Date Checklist Reviewed by Team Captain _____

Signature _____

TENNESSEE STATE BOARD OF ACCOUNTANCY
PEER REVIEW PROGRAM

Not-For-Profit Audit Engagement Checklist

**CHECKLIST FOR REVIEW OF AUDIT ENGAGEMENTS
OF NOT-FOR-PROFIT ORGANIZATIONS**

CONTENTS

Section

I.	Report and Financial Statements
	Auditor's Report
	Financial Statements and Notes
II.	General Audit Procedures
III.	Working Paper Areas
	Cash
	Receivables
	Inventories
	Investments
	Prepaid Expenses, Intangible Assets, Deferred Charges, etc.
	Property, Plant and Equipment
	Liabilities
	Deferred Credits
	Income Taxes
	Commitments and Contingencies
	Net Assets
	Revenue Expenses and Support
	Other
IV.	Functional Areas
	Independence, Integrity, and Objectivity
	Engagement Performance
	Personnel Management
V.	Explanation of "No" Answers and Other Comments
VI.	Conclusions

Explanation of References:

See reference Peer Review Manual page 20605.

TENNESSEE STATE BOARD OF ACCOUNTANCY
PEER REVIEW PROGRAM

Checklist for Not-For-Profit Audit Engagement

Use pages 20607 - 20637 of the AICPA Peer Review Program Manual.

TENNESSEE STATE BOARD OF ACCOUNTANCY
PEER REVIEW PROGRAM

Not-for-Profit Audit Engagement Checklist

IV. FUNCTIONAL AREAS

Independence, Integrity, and Objectivity (QC Sec 20.09-.10) QUES N/R YES NO REF. **

If anything has been noted that may indicate a lack of independence (including a lack of objectivity), was the matter identified and appropriately resolved by the firm and its effects appropriately considered? (ET Sec. 101 & 102) (Interpretation 101-3 Performance if non-attest services – ET Sec. 101.5 and ET Sec. 191.)

A601 _____ _____ _____ _____

Was appropriate assurance of independence obtained from other firms engaged to audit segments or component units of the entity?

A603 _____ _____ _____ _____

Were the fees (billed/unbilled) for prior years' services paid prior to issuance of the report for the current engagement? (ET Sec. 191.103-.104)

A604 _____ _____ _____ _____

Engagement Performance(QC Sec 20-17-.19)

Were appropriate and knowledgeable engagement personnel involved in the audit?

A611 _____ _____ _____ _____

Does it appear that audit planning was adequately documented in the working papers, including any changes in the original plan? (AU Secs. 311 and 339.05)

A612 _____ _____ _____ _____

Does it appear that supervision was adequate?

A614 _____ _____ _____ _____

Were all forms, checklists, or questionnaires, if any, required by firm policy for the following areas adequately completed and modified, where appropriate, for the engagement?

A615-
A620 _____ _____ _____ _____

Personnel Management (QC Sec 20.11-.13)

Did the personnel assigned to this engagement appear to be appropriately familiar with the applicable professional pronouncements (FASB, AICPA, etc.)?

A608 _____ _____ _____ _____

TENNESSEE STATE BOARD OF ACCOUNTANCY
PEER REVIEW PROGRAM

Not-For-Profit Audit Engagement Checklists

V. EXPLANATION OF “NO” ANSWERS AND OTHER COMMENTS

The following pages are provided for your comments on all “no” answers. All “no” answers must be thoroughly explained and reviewed with the engagement owner.

<i><u>Page Number</u></i>	<i><u>Question Number</u></i>	<i><u>Explanatory Comments</u></i>	<i><u>Disposition of Comments*</u></i>
-------------------------------	-----------------------------------	------------------------------------	--

* *The nature of the disposition of comments may vary, such as:*

- Note “resolved” and the manner of resolution.*
- Note “not significant” to indicate a “no” answer is appropriate, but that the matter is not significant enough to warrant inclusion in the schedule of findings and recommendations.*

TENNESSEE STATE BOARD OF ACCOUNTANCY
PEER REVIEW PROGRAM

Not-For-Profit Audit Engagement Checklist

VI. CONCLUSIONS

EXPLAIN BELOW THE REASONS FOR ANY 'YES' ANSWERS, *BE SPECIFIC*

Based on the work performed, did anything come to your attention that caused you to believe that:

- a. The practice unit did not perform the engagement in all material respects in accordance with generally accepted auditing standards? (AU 390 and ET 202) YES _____ NO _____

- b. The financial statements did not conform with generally accepted accounting principles (or where applicable, a comprehensive basis of accounting other than GAAP) in all material respects and the auditor's report was not appropriately modified (See AU 561 and ET 203)? YES _____ NO _____

- c. The auditor's report was not appropriate in the circumstances? YES _____ NO _____

- d. The documentation on this engagement does not support the practice unit's opinion on the financial statements? YES _____ NO _____

- e. Did the review disclose any other matters that should be communicated to the practice unit? YES _____ NO _____

TENNESSEE STATE BOARD OF ACCOUNTANCY
PEER REVIEW PROGRAM

**SUPPLEMENTAL CHECKLIST FOR REVIEW OF CONSTRUCTION
CONTRACTOR ENGAGEMENTS**

**Instructions for Use of the Supplemental Checklist for Review of Construction
Contractor Engagements**

This supplemental checklist was developed for use by reviewers of construction contractor engagements. It should be used in conjunction with the *General Audit Engagement Checklist* (audit checklist) or, where appropriate, other guidance materials issued to implement the TSBA Peer Review Program.

The questions in this checklist emphasize reporting matters and general procedures ordinarily performed by an independent auditor/accountant in an audit, review, or compilation of the financial statements of construction contractors. However, when completing section II, “Working Paper Areas” the questions will not apply to compilation or review engagements. Care should be taken to tailor the questions to fit the level of service being reviewed. All “No” answers must be thoroughly explained in the applicable checklist.

This checklist is not intended to be an all-inclusive document containing all disclosures and audit procedures related to construction contractors. It is a summarization of commonly addressed key areas and related concepts or procedures. Therefore, it should be used in conjunction with various reference materials dealing with reporting, disclosure, and procedural issues in order to sufficiently evaluate construction contractor engagements. These additional materials include the AICPA Financial Reporting Practice *Aid Checklist Supplement and Illustrative Financial Statements for Construction Contractors*, or other similarly comprehensive disclosure materials, and the AICPA Audit and Accounting Guide “*Construction Contractors*”.

See References on page 22040.

TENNESSEE STATE BOARD OF ACCOUNTANCY
PEER REVIEW PROGRAM

Engagement Checklist Supplements

**Supplemental Checklist for Review of Construction Contractor Engagements
Contents**

Section

- I. Report and Financial Statements ¹
 - Financial Statements and Notes
- II. Working Paper Areas - Construction Contractors ^{2&3}
 - General
 - Contract Costs, Revenues and Income
 - Contracts Receivable
 - Other

¹ Refer to - the AICPA Financial Reporting Practice Aid *Checklist Supplement and Illustrative Financial Statements for Construction Contractors*, or other similarly comprehensive materials, and the AICPA Audit and Accounting Guide Construction Contractors.

² Reviewers should refer to the instructions for the applicable section included in the *General Audit Engagement Checklist*.

³ Refer to - the AICPA Audit and Accounting Guide Construction Contractors and AICPA Statement of Position 81-1, *Accounting for Performance of Construction - Type and Certain Production - Type Contracts*.

TENNESSEE STATE BOARD OF ACCOUNTANCY
PEER REVIEW PROGRAM

Engagement Checklist Supplements

**Supplemental Checklist for Review of Construction
Contractors Engagements**

Use pages 22043 - 22048 of the AICPA Peer Review Program Manual.

TENNESSEE STATE BOARD OF ACCOUNTANCY
PEER REVIEW PROGRAM

**CHECKLIST FOR PROSPECTIVE FINANCIAL INFORMATION,
ATTEST SERVICES AND AGREED-UPON PROCEDURES**

Almost all firms in the Tennessee State Board Peer Review Program will not perform these types of engagements. If the Team Captain finds one of these engagements he should use the following sections of the AICPA Peer Review Manual. The programs should be modified as TSBA sections forms 1000 to 1400 were.

Section 20,800	Prospective Financial Statements
Section 20,900	Agreed-Upon Procedures
Section 21,000	Other Attestation Engagements.

TENNESSEE STATE BOARD OF ACCOUNTANCY
PEER REVIEW PROGRAM

TNSBA PEER REVIEW RÉSUMÉ FORM

1. Applicant's Name
Mr. _____ Ms. _____

FIRST MI LAST
 2. AICPA Member Number (If applicable)
(Obtain from AICPA Member Card) _____
 3. Firm or Organization

AICPA Member Number (If applicable) _____
 4. Mailing _____
Address _____
CITY ST ZIP
 5. Business Telephone Number (_____) _____ - _____ Ext. _____
Facsimile Number (_____) _____ - _____ Ext. _____
 6. Firm's Federal I.D. Number _____
 7. Total number of professionals, including partners, proprietors and shareholders
(for this purpose professionals are all CPAs and other individuals expected to seek that status)
☐ A One ☐ C 6 to 10 ☐ E 20 to 49 ☐ G 100 or more
☐ B 2 to 5 ☐ D 11 to 19 ☐ F 50 to 99
 8. Are you currently practicing at a supervisory level in the accounting and auditing function of your firm?
☐ Yes ☐ No
 9. Are you currently practicing as (please check one)
☐ Owner ☐ Senior or other staff accountant ☐ Manager or equivalent supervisory position
 10. Are you currently performing auditing engagement? ☐ Yes ☐ No
 11. How many years experience do you have in public practice in the accounting and auditing function?
 12. Do you possess a current Tennessee license to practice as a certified public accountant? ☐ Yes ☐ No
 13. Have you attended a reviewers' training course on conducting peer reviews? ☐ Yes ☐ No
If yes, please indicate the name of the last review course attended, the date attended, and the location of the course.
Name _____
Author _____
Date Attended ____/____/_____
City _____ State _____
 14. Are you willing to perform off-site reviews of compilation and review reports? ☐ Yes ☐ No
 15. Do you own or have access to an up-to-date: AICPA Peer Review Program Manual
(effective for reviews performed after January 1, 2008)? ☐ Yes ☐ No
- Signature _____ Date _____

500 James Robertson Parkway
Nashville, TN 37243-1141

Tennessee State Board of Accountancy Use Only	
Approved	Yes _____ No _____
Date _____	Initial _____